

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2084 - HB 2409

February 27, 2018

SUMMARY OF BILL: Requires state departments and agencies that propose to contract services with a nongovernmental vendor to certify to the Comptroller of the Treasury (COT) that no state employees within the respective department or agency are qualified to perform the duties and obligations under the proposed contract. Authorizes the Fiscal Review Committee (FRC) to review and comment on such contracts.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$131,100

Other Fiscal Impact – To the extent departments and agencies propose to contract services with a nongovernmental vendor, there could be increased expenditures to departments. However, any such impacts cannot be determined for they are dependent on future unknown factors.

Assumptions:

- Based on information provided by the Department of General Services, the state currently has 1,037 active service contracts that meet the criteria of this legislation.
- The three-year annual average of regular calendar contract and contract amendment items reviewed by the FRC staff is 112.
- This analysis assumes all contracts requiring certification to COT will be reviewed by the FRC.
- FRC will require two additional analysts to comply with the provisions of this legislation.
- The recurring increase in state expenditures associated with the additional positions is estimated to be \$131,100 [(\$50,000 salary + \$15,550 benefits) x 2 analysts].
- Pursuant to Tenn. Code Ann. 4-56-107(b)(5)(A), FRC has 40 business days from receipt of a request to comment on a proposed contract.
- The 40 business day requirement could delay the execution of contracts and result in additional burdens to departments and agencies.
- Departments and agencies entering into service contracts with nongovernmental vendors may experience increases in personnel costs to comply with provisions of this legislation, delays in executing such contracts, delays in the provision of services including in such contracts, and noncompliance with federal grant funding requirements.

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The timing and extent of such impacts are dependent upon multiple unknown variables and cannot be reasonably quantified.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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